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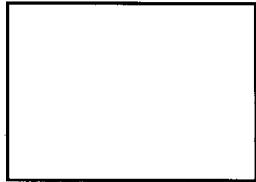
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## ISRAEL: National Unity Government

[redacted] Defense Minister Weizman's proposal that the opposition Labor Party join the Likud coalition to form a national unity government is, in fact, political camouflage for a serious challenge designed to upstage Prime Minister Begin's leadership. Despite Weizman's protestations that his plan is meant to shore up Begin's resistance to US pressure on peace issues, Weizman clearly hopes to supplant Begin as the leader of a broadened government.

[redacted] Weizman appears to have concluded that Begin's failure to gain US support for his peace plan during his Washington talks has deeply alarmed the Israeli public, eroding Begin's credibility and leaving him vulnerable to attack. Strong public support for Weizman's leadership of the Israeli operation in Lebanon and recent public opinion polls giving Weizman higher marks than Begin have further encouraged Weizman to make his bold power play at this time.

[redacted] Weizman's attempt to unseat Begin, however, is a gamble and there are indications that Weizman has acted impulsively and failed to line up enough political support within his own Likud Party and elsewhere to prevail over Begin.

[redacted] Weizman has held private discussions with Labor Party leaders, but there is no indication as yet that they are prepared to join a Likud-dominated coalition. Labor leader Shimon Peres has stated that he will not give serious consideration to joining the government unless Begin first agrees to work with Labor in developing a new peace strategy--a condition Peres undoubtedly expects Begin to reject.

[redacted] Indeed, Peres reportedly plans to chair a party central committee meeting on Sunday that will call on Begin to resign because of his "failure in Washington."

[redacted] Peres and other Labor leaders probably feel that they have much more to gain by staying out of the government, at least for the time being. Many in the party relish the prospect of the Likud leadership destroying itself and then stepping in to pick up the pieces and form a new government. By remaining on the sidelines, moreover, Labor would avoid sharing responsibility with Begin should there be a further erosion in relations with the US or a total rupture in the peace talks.

[redacted] Labor, however, might join the government if it came to perceive the US as responsible for forcing a confrontation with Israel by pressing for concessions damaging to Israeli security interests. Party leaders are far from reaching this conclusion at present.

[redacted] Leaders of the Democratic Movement for Change, many of whom have been supportive of Weizman's efforts to moderate the government's negotiating tactics, are scheduled to meet early next week. They may discuss a motion to bolt the government. [redacted] perhaps as many as half of the party's 15-member Knesset contingent would be prepared to leave the government.

[redacted] Weizman may be hoping that a split in the DMC would improve his chances against Begin; he may also calculate that some Liberals within the Likud Party will stand with him. We doubt that such support from either group would be sufficient to damage Begin seriously. The Liberals, in particular, have in the past shown no inclination to risk destroying their political alliance with Begin's Herut faction in Likud by backing Weizman.

[redacted] Begin, for his part, has a number of options at his disposal, including resignation. On balance, however, we are inclined to believe that he will canvass his supporters and attempt to shore up his position for a counterattack against Weizman. Begin might even take over Weizman's national unity proposal as his own, claiming that he had been the first to suggest the idea following the parliamentary election last spring.

[redacted] Begin does not have the legal authority to dismiss Weizman, but he undoubtedly will probe for weak links in Weizman's support and mount a concerted effort to undermine his cabinet position and even force his ouster if the opportunity arises. Hard-liners in the Herut and Laam factions of Likud and the hawkish youth wing of the National Religious Party have already expressed alarm at Weizman's "dovishness" on the issue of Israeli settlements and other matters; they will rally behind Begin if he chooses to move against Weizman. An initial move could come as early as this Sunday's cabinet meeting if Begin by then has concluded that Weizman enjoys only minimal support. [redacted]

EGYPT: Reaction to Begin Visit

[redacted] Egyptian officials are pleased with President Carter's firmness on key issues and his refusal to be diverted by events in Lebanon. They are somber and apprehensive, however, over the future and what can be done to restore momentum to the peace process.

[redacted] Egypt's press has emphasized the confrontational aspect of Begin's visit to the US. The talks were described as the toughest ever in US-Israeli relations, which are now in "crisis." President Sadat will argue with other Arabs that the erosion in US-Israeli relations is the product of his initiative.

[redacted] Sadat will watch closely for increased opposition to Begin's policies within Israel. Sadat appears to be banking heavily that domestic pressure will force Begin to alter his stance, or even to leave office.

[redacted] Sadat sees the "expiration" of the Sinai II agreement in October as a deadline for his initiative to succeed. He will use the intervening time to prepare public opinion for any policy shift that might be required. [redacted]

[redacted]